

DATE IN <u>11/7/03</u>	SUSPENSE <u>11/27/03</u>	ENGINEER <u>MS</u>	LOGGED IN <u>LIZ</u>	TYPE <u>NSL</u>	APP NO. <u>PLR0331137889</u>
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RECEIVED

ABOVE THIS LINE FOR DIVISION USE ONLY



NOV 06 2003  
**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505  
 OIL CONSERVATION  
 DIVISION

## ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

### Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]  
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]  
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]  
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]  
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]  
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

### [1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication  
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement  
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify \_\_\_\_\_

### [2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners  
 [B] ☒ Offset Operators, Leaseholders or Surface Owner  
 [C] ☐ Application is One Which Requires Published Legal Notice  
 [D] ☐ Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office  
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,  
 [F] ☐ Waivers are Attached

### [3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

**Note: Statement must be completed by an individual with managerial and/or supervisory capacity.**

Chuck Moran  
 Print or Type Name

Chuck Moran  
 Signature

Landman  
 Title

11-03-03  
 Date

cmoran@ypcnm.com  
 e-mail Address

MARTIN YATES, III  
1912 - 1985  
FRANK W. YATES  
1936 - 1986



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210-2118  
TELEPHONE (505) 748-1471

S. P. YATES  
CHAIRMAN OF THE BOARD  
JOHN A. YATES  
PRESIDENT  
PEYTON YATES  
EXECUTIVE VICE PRESIDENT  
RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER

November 4, 2003

**CERTIFIED MAIL/RETURN RECEIPT**

New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Attention: Mr. Michael E. Stogner

Re: Administrative Application of Yates Petroleum Corporation for  
Approval of an Unorthodox Oil and Gas Well Location  
Chaves County New Mexico

Dear Mr. Stogner:

Yates Petroleum Corporation in accordance with Division General Rule 19 NMAC 15.C.104.F applies to the New Mexico Oil Conservation Division for approval of an unorthodox well location for any and all oil or gas production from surface to the base of the Siluro-devonian formation for its proposed Houston BDH State Com. #2 to be drilled at an unorthodox gas well location of 1,550 feet from the North line and 2,500 feet from the West line (Unit F) of Section 31, Township 9 South, Range 27 East, NMPM, Chaves County, New Mexico and to be dedicated to a 320 acre spacing unit consisting of the N/2 of Section 31, and in support states:

- 1) Yates Petroleum Corporation (Yates) is the proposed operator of subject well and is a working interest owner in the N/2 of Section 31. (See Exhibit # 1 and #4)
- 2) Yates proposes to drill its Houston BDH State Com. #2 at an unorthodox oil and gas well location of 1,550 feet from the North line and 2,500 feet from the West line (Unit F) of Section 31, Township 9 South, Range 27 East, NMPM, Chaves County, New Mexico. (See Exhibit # 2)
- 3) The subject well is to be drilled at an unorthodox location in an attempt to drill the best geological location to determine the potential to produce gas from the formations that require a 320 acre spacing unit. (See Exhibit # 3)
- 4) In the event the Siluro-devonian is not capable of commercial production in this well, then Yates intends to test all possible oil and gas formations above the Siluro-devonian formation prior to plugging the well. The well location would be

unorthodox for formations that require a 160-acre spacing unit for gas and 40-acre spacing for oil.

- 5) The lease on which the well will be drilled will be communitized with the other lease in the spacing unit to form a 320.12-acre spacing unit dedicated to this well in the N/2 of Sec. 31-T9S-R27E for formations that require a 320 acre spacing unit. For a gas well completed in the NW/4 of Section 31-T9S-R27E requiring 160 acre spacing unit, a 160.12-acre spacing unit would be formed and for oil wells requiring a 40 acre spacing unit a 40-acre spacing unit in the SE/4NW/4 of Sec. 31-T9S-R27E would be formed.
- 6) The proposed location only encroaches to the interior lease lines of Section 31 and the lease that is encroached on to the East is identified on Exhibit #1 and the owners are identified on Exhibit #4. Waivers have been requested from affected persons as defined by 19 NMAC 15.N.1207.A.2 and will be forwarded to the Division if obtained. (See Exhibit # 1 and #4)
- 7) Notice of this application was mailed the same date as this application to all affected persons identified in Exhibit #4 as required by the Division's rules by certified mail, return receipt requested and is verified by Exhibit #5.

Wherefore, Yates Petroleum Corporation requests that the Division approve this matter administratively.

Respectfully submitted,

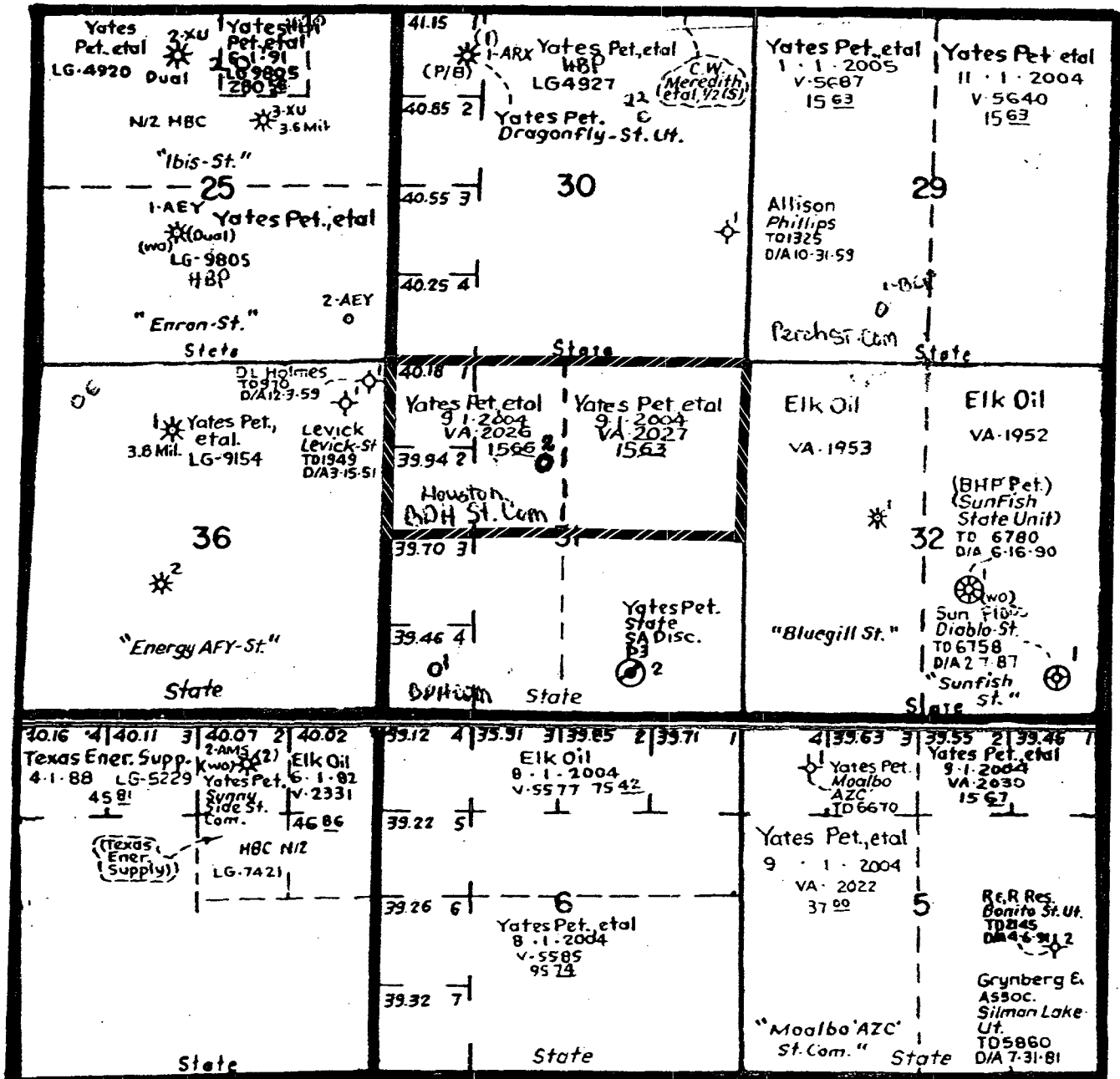
**YATES PETROLEUM CORPORATION**



Chuck Moran  
Landman

Enclosure:

Exhibit #1  
Yates Petroleum Corporation  
Houston BDH State Com. #2  
N/2 of Sec. 31-T9S-R27E  
Chaves County, New Mexico  
Unorthodox Location Application



DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II  
811 South First, Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised March 17, 1999  
Instruction on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION  
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name HOUSTON "BDH" STATE COM.	Well Number 2
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION	Elevation 3881

Surface Location

UL or lot No. F	Section 31	Township 9S	Range 27E	Lot Idn	Feet from the 1550	North/South line NORTH	Feet from the 2500	East/West line WEST	County CHAVES
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Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

				<b>OPERATOR CERTIFICATION</b>  <i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i>  Signature _____  Printed Name _____  Title _____  Date _____	
<b>SURVEYOR CERTIFICATION</b>  <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i>  10/28/2003  Date Surveyed Signature & Seal of Professional Surveyor  Certificate No. Herschel L. Jones RLS 3640 HOUSTON 2 GENERAL SURVEYING COMPANY					

0 330' 660' 990' 1650' 1980' 2310' 2310' 1980' 1650' 990' 660' 330' 0'

Non-Standard Location Proposal  
1550 FNL & 2500 FWL  
31-9S-27E

This proposed location in 31-9S-27(1550 FNL & 2500 FWL) is a non-standard one. The reason for this non-standard location is a geologic one. A 3-D seismic survey was conducted over this section and the 3-D data revealed that the best place to encounter productive Siluro-Devonian dolomite was at this non-standard location.

Sincerely,

A handwritten signature in cursive script that reads "H. Tim Miller".

H. Tim Miller

**Exhibit #3**  
**Yates Petroleum Corporation**  
**Houston BDH State Com. #2**  
**N/2 of Sec. 31-T9S-R27E**  
**Chaves County, New Mexico**  
**Unorthodox Location Application**

**Exhibit #4**  
**Yates Petroleum Corporation**  
**Houston BDH State Com. #2**  
**N/2-Sec. 31-T9S-R27E**  
**Unorthodox Well Location Application**

List of Affected Persons by Spacing Unit  
surrounding the N/2 of Section 31-T9S-  
R27E, Chaves County, New Mexico.

**1) S/2 of Section 31-T9S-R27E and N/2  
of Section 31-T9S-R27E**

Yates Petroleum Corporation  
Yates Drilling Company  
Myco Industries, Inc.  
Abo Petroleum Corporation  
105 South 4<sup>th</sup> Street  
Artesia, New Mexico 88210

Elk Oil Company  
Attn: Mr. Joe Kelley  
P. O. Box 310  
Roswell, NM 88202-0310

Genesis Limited Partnership  
Attn. Steve Speer  
P. O. Box 1363  
Mt. Pleasant, SC 29465-1363

Elliott-Hall Company Limited  
P. O. Box 1231  
Ogden, Utah 84402

Elliott Industries Limited  
P. O. Box 3300  
Roswell, NM 88202-3300

NMR, INC.  
Attn: James Vandiver  
P. O. Box 782  
Gaylord, MI 49734

Yates Drilling Company  
Myco Industries, Inc.  
Abo Petroleum Corporation  
105 South 4<sup>th</sup> Street  
Artesia, New Mexico 88210

Elk Oil Company  
Attn: Mr. Joe Kelley  
P. O. Box 310  
Roswell, NM 88202-0310

Genesis Limited Partnership  
Attn. Steve Speer  
P. O. Box 1363  
Mt. Pleasant, SC 29465-1363

Elliott-Hall Company Limited  
P. O. Box 1231  
Ogden, Utah 84402

Elliott Industries Limited  
P. O. Box 3300  
Roswell, NM 88202-3300

NMR, INC.  
Attn: James Vandiver  
P. O. Box 782  
Gaylord, MI 49734

SLR Oil and Gas Investments  
Attn: Jim Bowman  
801 E. 4<sup>th</sup> Street, Suite 22  
Gillette, Wyoming 82716-4061

**2) W/2 of Section 32-T9S-R27E**

Operator-

Elk Oil Company  
Attn: Mr. Joe Kelley  
P. O. Box 310  
Roswell, NM 88202-0310

**3) S/2 of Section 29-T9S-R27E**

Operator- Yates Petroleum Corporation

Working Interest Owners-

Yates Petroleum Corporation

**4) S/2 of Section 30-T9S-R27E**

Operator- Yates Petroleum Corporation

Working Interest Owners:

Yates Petroleum Corporation  
Yates Drilling Company  
Myco Industries, Inc.  
Abo Petroleum Corporation

**Exhibit #4**  
Yates Petroleum Corporation  
Houston BDH State Com. #2  
N/2-Sec. 31-T9S-R27E  
Unorthodox Well Location Application

Sharbro Oil Ltd. Co.  
Yates Industries, LLC  
105 South 4<sup>th</sup> Street  
Artesia, New Mexico 88210

MAGI, Inc.  
3300 North A. St., Building 4  
Suite 104  
Midland, TX 79705

T. H. Mcelvain Oil and Gas  
Limited Partnership  
1050 17<sup>th</sup> Street, Suite 1800  
Denver, CO 80265

**5) S/2 of Section 25-T9S-R26E**

Operator- Yates Petroleum Corporation

Working Interest Owners:

Yates Petroleum Corporation  
Yates Drilling Company  
Myco Industries, Inc.  
Abo Petroleum Corporation  
105 South 4<sup>th</sup> Street  
Artesia, New Mexico 88210

J. M. Raymond, Ltd.  
P. O. Box 291445  
Kerrville, TX 78029-1445

John C. Stanfield  
2314 Maxwell  
Midland, TX 79705

**6) All of Section 36- T9S-R26E**

Operator- Yates Petroleum Corporation

Working Interest Owners:

Yates Petroleum Corporation  
Yates Drilling Company  
Myco Industries, Inc.  
Abo Petroleum Corporation  
105 South 4<sup>th</sup> Street  
Artesia, New Mexico 88210

George B. Broome  
P. O. Box 2148  
Santa Fe, NM 87504-2148

Patricia M. Friedman  
425 Park Avenue  
New York, NY 10022

J. Roger Friedman  
425 Park Avenue  
New York, NY 10022

Michael M. Gray  
P. O. Box 50391  
Midland, TX 79701-0391



MARTIN YATES, III  
1912 - 1985  
FRANK W. YATES  
1936 - 1986



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210-2118  
TELEPHONE (505) 748-1471

S. P. YATES  
CHAIRMAN OF THE BOARD  
JOHN A. YATES  
PRESIDENT  
PEYTON YATES  
EXECUTIVE VICE PRESIDENT  
RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER

November 4, 2003

**CERTIFIED MAIL/RETURN RECEIPT**

TO: OWNERS ATTACHED ON EXHIBIT A

Re: Administrative Application of Yates Petroleum Corporation  
For Approval of an Unorthodox Oil and Gas Well Location  
Houston BDH State Com. #2  
1,550' FNL & 2,500' FWI in N/2 of Sec. 31-T9S-R27E  
Chaves County, New Mexico

Gentlemen:

I enclose a complete copy of Yates Petroleum Corporation's administrative application for approval of an unorthodox location. We request that you sign one copy of this letter waiving objection to this location, and return it to our office. Alternatively, if you object to our application, your objection must be filed in writing within 20-days from the date the New Mexico Oil Conservation Division receives this Application. We have mailed the application to the same date we mailed this notice to you.

If you have questions concerning our proposal, please give me a call.

Very truly yours,

**YATES PETROLEUM CORPORATION**

  
Chuck Moran  
Landman

Enclosure

I / We waive objection to the unorthodox application of Yates Petroleum Corporation for its Houston BDH State Com. #2 well to be drilled at a location of 1,550' FNL and 2,500' FWL in Section 31-T9S-R27E, Chaves County, New Mexico.

Name: \_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

**Exhibit #5**  
**Yates Petroleum Corporation**  
**Houston BDH State Com. #2**  
**N/2 of Sec. 31-T9S-R27E**  
**Chaves County, New Mexico**  
**Unorthodox Location Application**

**Exhibit "A" Notification Letter**

Administrative Application of Yates Petroleum Corporation for Approval of an  
Unorthodox Oil and Gas Well Location, Chaves County, New Mexico

NMR, Inc.  
P. O. Box 782  
Gaylord, MI 49734  
#7002 0860 0006 7054 1019

MAGI, Inc.  
3300 North A. St., Building 4  
Suite 104  
Midland, TX 79705  
#7002 0860 0006 7054 1590

Elliott-Hall Company Limited  
P. O. Box 1231  
Ogden, UT 84402  
#7002 0860 0006 7054 1002

T. H. McElvain Oil and Gas  
Limited Partnership  
1050 17<sup>th</sup> Street, Suite 1800  
Denver, CO 80265  
#7002 0860 0006 7054 1583

SLR Oil & Gas Investments  
P. O. Box 3300  
Roswell, NM 88202-3300  
#7002 0860 0006 7054 0999

J. M. Raymond, Ltd.  
P. O. Box 291445  
Kerrville, TX 78029-1445  
#7002 0860 0006 7054 1576

Elk Oil Company  
P. O. Box 310  
Roswell, NM 88202-0310  
#7002 0860 0006 7054 0982

John C. Stanfield  
2314 Maxwell  
Midland, TX 79705  
#7002 0860 0006 7054 1569

Elliott Industries Limited  
Partnership  
P. O. Box 3300  
Roswell, NM 88202-3300  
#7002 0860 0006 7054 0975

Michael M. Gray  
P. O. Box 50391  
Midland, TX 79705  
#7002 0860 0006 7054 1606

Genesis Limited Partnership  
P. O. Box 1363  
Mount Pleasant, SC 29465-1363  
#7002 0860 0006 7054 0968

J. Roger Friedman  
425 Park Avenue  
New York, NY 10022  
#7002 0860 0006 7054 0937

George B. Broome  
P. O. Box 2148  
Santa Fe, NM 87504-2148  
#7002 0860 0006 7054 0951

Yates Petroleum Corporation  
Yates Drilling Company  
Abo Petroleum Corporation  
Sharbro Oil Limited Partnership  
Myco Industries, Inc.  
Yates Industries, LLC  
105 South Fourth St.  
Artesia, NM 88210

Patricia M. Friedman  
425 Park Avenue  
New York, NY 10022  
#7002 0860 0006 7054 0944

**Exhibit #5**  
**Yates Petroleum Corporation**  
**Houston BDH State Com. #2**  
**N/2 of Sec. 31-T9S-R27E**  
**Chaves County, New Mexico**  
**Unorthodox Location Application**